

Proposed Minutes

Child Support Formula Standing Subcommittee

July 9, 2002 Meeting
held at SCAO, Lansing MI

MEMBERS PRESENT: Kent Weichmann, Roland Fancher, Patti Holden, Hon. Michael Skinner, and Kim Lem

MEMBERS ABSENT: Ron Papke, and Terry Adams

STAFF PRESENT: Bill Bartels and Darla Brandon

PUBLIC ATTENDANCE: None

1. CALL TO ORDER

The meeting was called to order by Judge Skinner at 1:46 p.m. He made a motion that Ms. Holden serve as the subcommittee chair until Mr. Weichmann arrived. **Motion Passed.**

2. ROUTINE BUSINESS

a. Approval of the June 11, 2002 Minutes

The subcommittee reviewed the proposed minutes. A motion to approve the June 11, 2002 minutes as proposed was made by Judge Skinner and seconded by Ms. Lem. **Motion passed.**

b. Correspondence None.

c. Public Comment None.

d. Guideline Review Project

i. **Results of the Web-Based Survey** - The subcommittee was provided with a copy of the finalized report.

ii. **Measurement of Deviation** - Mr. Bartels received a draft of the report from Policy Studies Inc. (PSI) Overall, it has good suggestions on how to improve the process on measuring deviation.

Mr. Weichmann arrived at assumed leadership as chair of the subcommittee.

3. UNFINISHED BUSINESS

a. Shared Economic Responsibility (SER)-

Mr. Bartels provided the subcommittee the current manual's shared economic responsibility and parenting time sections, as well as various charts to show the comparison and effects of cubing for different numbers of children and different thresholds for several different income levels and

ratios. For Mr. Bartels' charts, Parent A is the custodian, and Parent B is the parent with "parenting time or shared custody." The titles include the ratio of incomes, income levels, number of children, and the number of days at which the abatement applies and the cubing threshold.

- i. **Threshold** - Judge Skinner made a motion to modify the threshold from 128 to 52 overnights. No one seconded the motion. Judge Skinner then made a motion to modify the threshold from 128 to 105 overnights of parenting time as it appears in the order. Mr. Fancher seconded the motion. Mr. Weichmann suggested including a friendly amendment to the motion to include adopting the ratio of the cubes. Judge Skinner and Mr. Fancher accepted the friendly amendment. **Motion passed.**

Prior to passing the motion, the subcommittee discussed several issues. Mr. Fancher questioned if the previous subcommittees has ever considered a graduated abatement. Several of the original committee members stated that it had been previously considered.

The subcommittee also discussed the benefits of applying the SER calculation to more cases. In cases where it was applied, it eliminates the need for the friend of the court office to give parenting time abatements.

The subcommittee recognized that lowering the threshold could create a problem in cases where parents exercise parenting time a significantly different number of overnights than was ordered by the court. The committee also noted the potential savings of work within the friend of the court office, by having more cases in which parenting time abatements did not have to be given, since the parenting time was already considered by applying the Shared Economic Responsibility calculation. It would be important to note in every support order that SER had been applied and the number of overnights that were used.

Ms. Holden requested that her dissent to this recommendation be noted in the minutes. She stated that this change appeared to primarily address an administrative remedy benefitting the friend of the court office, rather than what is in the best interest of the family and children. She asks if there can be a clause inserted stating that if the non-custodial parent fails to exercise within the parameters of a certain amount of days, that an additional amount can be charged to the non-custodial parent. Mr. Weichmann suggested if the visitation pattern breaks down, a motion can be filed by the party to modify the child support order. Judge Skinner stated that if the non-custodial parent is not exercising the parenting time, than the custodial parent has the right to modify the order.

- ii. **Ratios of the cubes** - included in the motion made in the threshold section.
- iii. **Shared Economic Responsibility Rationale** - Mr. Weichmann provided the subcommittee with a draft rationale for review.
 - b. Medical Support Related Recommendations - Mr. Bartels provided a set of recommended changes to the subcommittee via e-mail of what needs to be done regarding health care expenses in Manual Section IV-D (Rationale: Health Care and Medical Support -overall). These changes are based on: the PSI report recommendations, an OCSE report (21 Million Children's Health: Our Shared Responsibility; June 2001), as well as the automation and

implementation of the National Medical Support Notice and enforcement of medical support obligations.

Support includes health care coverage and medical expenses. In addition to the basic (care portion) support calculation, support includes also includes child care, ordinary medical expenses, uninsured expenses, and health care premiums. Since our model allocates/shares the costs of raising children between the parents, any specific costs which may be identified should be allocated. Known or set costs should be allocated and set as part of a routine support payment. The division of costs which are unknown or that cannot be easily determined, at the at the time of the order (i.e. extraordinary uninsured expenses), should be addressed in the order. To reflect this change, the contents of the current IV-D should be moved into Section III. Mr. Fancher questioned if child care expenses will also be moved from section IV to section III, and Mr. Bartels replied, that in order to maintain consistency, child care should also be moved.

Instead of deducting from income, that these costs are shared between parents. Ms. Holden how it is determined which parent is going to be responsible for maintaining insurance coverage. Mr. Bartels responded that it currently is addressed well in the current Manual, but it will be determined which one or both, based on the cost depending upon the reasonable amount, which parent will be responsible to cover the child(ren).

- i. **Premiums** - Currently, the formula deducts the children's portion of the insurance premium from the parent's net income. Since the children's share of the premium is a known or set amount, the actual cost can be allocated between the parents. can be the subcommittee discussed what this involved at several points during the meeting. All agreed that the premiums should be shared by allocating the net cost between the parents. This change fits with the federal regulation and more accurately reflects the formula's overall methodology. topic includes health care or medical support related provisions within the formula.

Looking at the deductions of income, premiums for children not in this case need to handled in a manner consistent with other support for them when child support is figured. Changing Manual sections II K & II L assures that the premium costs for other children are handled in one of two places, depending on whether they are in the parent's home or the subject of a support order. Ms. Holden made a motion to allocate the net premiums between parties (as outlined in the rationale handout E.2. and change sections II K & II L, as recommended in the hand-out. Ms. Lem seconded the motion. **Motion passed.**

- ii. **Ordinary Costs** - Currently \$312 per year for one child is paid to cover ordinary medical expenses (currently defined as band-aids, aspirin, etc.), and not based on any data that those are true costs. The costs are not split based on a ratio of the parents income, rather they are split 50/50. \$3.00 per week is added to cover the support payer's portion of the ordinary expenses.

Along with PSI's recommendation to change this provision, and recommendations in the OCSE report, the formula needs to establish a definition and figure of ordinary, and then, to apportion any known or fixed costs between the parents based on their respective shares of income. Ordinary expenses should include: copays, deductibles, uninsured and other out of pocket health care related costs. The \$328 figure proposed by the bureau came from a

report in Ambulatory Pediatrics in an article distributed at an earlier meeting. In the report, the average expenditure per child is \$209 in out of pocket costs, which was based on 1996 data. Mr. Bartels adjusted the figure for changes in the consumer price index between 1996 and 2001, which increased the figure from \$209 to \$276. The additional \$52 per week was added to cover over-the-counter items. Ms. Holden stressed how much the copays and deductibles have increased since 1996. She believes copays and deductibles should be moved to Extraordinary Costs. The subcommittee tabled this item.

iii. **Extraordinary Costs** - tabled for a future meeting.

iv. **Responsibility to insure.** - Motion made by Judge Skinner and seconded by Ms. Holden to accept section E1 of the hand-out. **Motion passed.**

v. **Determination of reasonable costs** - tabled for a future date.

c. Different Custody Arrangements for Children in a Family - tabled for future meeting

4. **REMAINING TOPICS AND ISSUES**

a. Recommendations from Report on the Michigan Child Support Formula. Tabled for future meeting.

b. Multiple Support Orders Involving the Same Parents. Tabled for future meeting.

c. Incarcerated Payers. Tabled for future meeting.

d. Assigning Tax Exemptions - dropping off. Tabled for future meeting.

5. **NEW BUSINESS**

6. **CLOSING**

a. Final Public Comment - None

b. Members Closing Comments - None.

c. Next Meeting Date - **September 10**, at 1:30 p.m.

d. Adjourn A motion was made and seconded to adjourn the meeting. All agreed, and the meeting adjourned at 4:11 p.m.

Respectfully submitted,

Darla Brandon